

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 AGR-20 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

SPC-03 STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 SS-20

NSC-10 IO-14 DODE-00 PA-04 USIA-15 PRS-01 SAJ-01

FEA-02 DRC-01 /181 W

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P R 241338Z JAN 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 9916

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

USMISSION BERLIN

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

C O N F I D E N T I A L BONN 01271

BERLIN FOR AMBASSADOR

E.O. 11652: GDS

TAGS: PFOR, EFIN, GW, UK, ENRG

SUBJECT: EC REGIONAL FUND: GERMANS PROPOSE TO DOUBLE
THE MONEY.

1. DESPITE BRITISH FEAR THAT GERMANS WOULD SEEK TO
POSTPONE ESTABLISHMENT OF EC REGIONAL FUND UNTIL 1975,
FRG CABINET DECIDED JAN 23 TO DOUBLE BOTH ITS EARLIER
OFFER FOR GERMAN NATIONAL CONTRIBUTION AND THE LEVEL
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OF THE OVERALL FUND. CHANCELLERY SOURCE SAID GERMANS

WOULD URGE ITS EC PARTNERS TO AGREE TO ESTABLISH REGIONAL FUND AT LEVEL OF 1.250 BILLION UNITS OF ACCOUNT OVER THREE YEARS; AN ADDITIONAL 150 MILLION UNITS OF ACCOUNT WOULD BE EARMARKED FROM AGRICULTURAL FUND FOR DEPRESSED FARM REGIONS. GERMANS WOULD RAISE EARLIER OFFER OF DM 615 MILLION TO DM 1.4 BILLION OVER THREE YEARS. REGIONS QUALIFYING FOR AID WOULD HAVE TO HAVE GNP AT LEAST TEN PERCENT LOWER THAN COMMUNITY AVERAGE. THIS MIGHT INCLUDE SOME GERMAN REGIONS.

2. BOTH OUR CHANCELLERY SOURCE AND THE PRESS REPORT THIS IS FINAL GERMAN OFFER. CHANCELLERY REP CONFIRMED THAT FRG DECISION WAS A DIFFICULT AND DELICATE ONE, GIVEN POSSIBLE IMPACT ON UK POLITICAL SCENE AND HEATH STRUGGLE WITH BRITISH TRADE UNIONS. CHANCELLERY REP VENTURED HOPE THAT GERMAN OFFER WOULD PRODUCE BREAK-THROUGH AT JAN 30 SPECIAL EC COUNCIL MEETING, BUT ACKNOWLEDGED THAT PROPOSED FUNDING OF 1.4 BILLION UNITS OF ACCOUNT WAS LESS THAN HALF OF BRITISH DEMAND FOR 3.0 BILLION UNITS OF ACCOUNT AND ALSO FELL SHORT OF COMMISSION PROPOSAL OF 2.25 BILLION UNITS OF ACCOUNT. ECHOING OUR BRITISH EMBASSY SOURCE (BONN 1233 - PARA 5), CHANCELLERY REP SAID HEATH MIGHT WELL PREFER TO REJECT GERMAN OFFER AND SHOOT INSTEAD FOR ESTABLISHMENT OF MORE GENEROUS FUND NEXT YEAR.

3. GERMANS WILL BE CONSULTING OTHER EC PARTNERS ON THEIR PROPOSAL AND INCREASED OFFER BETWEEN NOW AND JAN 30 EC COUNCIL MEETING. JAN 24 FRANKFURTER ALLGEMEINE STRESSES THAT IT IS NOW UP TO PARIS ALSO TO RAISE ITS CONTRIBUTION AND TO AVOID EXCESSIVE DEMANDS FOR WATERING OF FRENCH DEPRESSED REGIONS.
HILLENBRAND

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30 JUN 2005

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